GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:81
ANSWERED ON:28.07.2000
FINANCIAL ASSISTANCE TO STATES
HANNAN MOLLAH;LAXMINARAYAN PANDEY

Will the Minister of FINANCE be pleased to state:

(a) whether some States are facing crisis in respect of financial resources;

(b) if so, the details thereof;

(c) whether the Union Government have received anyrequests from the Chief Ministers of various StateGovernments for financial assistance to resolve their financial crisis; and

(d) if so, the details thereof and the action taken by the Government thereon State-wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI BALASAHEB VIKHE PATIL)

(a) to (d): A Statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO.81 FOR ANSWER (28TH JULY,2000 REGARDING `FINANCIAL ASSISTANCE TO STATES`.

(a) to (d): Owing to the import of the Fifth PayCommission`s recommendations Ways and Means problemsof the States got accentuated in 1999-2000. The ChiefMinisters of some States had written to the Governmentof India asking for general and specific relief. In order to alleviate the mismatch in the States` cash flow, the Government of India took the following steps from time to time:

1) Advanced the releases of plan assistance, Small Savings Loans and Share in Central Taxes;
2) Deferred repayment dues by few months;
3) Provided Ways and Means Advance during the year;
4) Extended Ways and Means Advance and additional OpenMarket Borrowings were given to thirteen States, linkedto fiscal reform programme that these States had undertaken in consultation with Government of India. Other States who had approached the Centre for Ways and Means assistance were provided within the year need based support.